



WISCONSIN REGULATORY DIGEST

Volume 6, No. 1 **A Publication of the REAL ESTATE APPRAISERS BOARD** **August, 1998**

Governor Tommy Thompson Appoints New Board Member

Patrick W. Buckett, Merrill, is currently vice president/chief appraiser of the Wisconsin Appraisal Company. Mr. Buckett has over 29 years of appraising experience having had his own company since 1969, vice-president of Wisconsin Appraisal Company since 1981 and manager of Appraisal Services for Wisconsin Appraisal Company for a number of years. He also has taught real estate appraisal courses for a great number of years. Mr. Buckett has a balanced life enjoying fishing, hunting "with a camera," painting, Native American Lore, adopted into the Chippewa Nation by Gogeweosh (Frank Smart) in 1954 and active in the Boy Scouts of America as an Eagle Scout, Scoutmaster, Merit Badge Counselor and Neighborhood Commissioner.

THE WISCONSIN REAL ESTATE APPRAISERS BOARD

Members of the Board:

Paul "Rick" Vozar, Chair (West Allis)
James Caven, Vice-Chair (Madison)
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Mary Reavey, (Kenosha)
Patrick Buckett (Merrill)

Administrative Staff:

Alfred J. Hall, Jr., Bureau Director

Executive Staff:

Marlene A. Cummings, Secretary
Patricia McCormack, Deputy Secretary
Myra Shelton, Executive Assistant
Farewell

Linn A. Dueterbeck, certified general appraiser member has recently resigned from the Board. Linn was a valuable member of the Board. The Department of Regulation and Licensing and members of the Board wish to commend him for his dedicated eight years of service to the citizenry of Wisconsin.

Practice Alert!

The Department recently received information alleging that certain individuals involved in the sale and appraisal of real estate in Wisconsin may have provided false information to lenders for the purpose of securing mortgage loans. The allegations relating to the real estate appraisers involved in the transactions reflect that they "inflated" the appraised value of various properties for purposes of enabling certain parties to the transactions to secure higher mortgage loan amounts. The Department and the Board would like to remind certified and licensed appraisers that s. RL 86.01(5), Code, prohibits an appraiser from knowingly omitting, understating, misrepresenting or concealing material facts in their appraisals. In addition, s. RL 86.01(2), Code, requires appraisers to conduct appraisals in accordance with the Uniform Standards of Professional Appraisal Practice. If you have any questions relating to the interpretation of these provisions, please contact the Department.

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USPAP Exposure Draft

The Real Estate Appraisers Board was asked to submit comments to the Appraisal Standards

Board (ASB) concerning the December 22, 1997, exposure draft of the provisions to the 1998 Uniform Standards of Professional Appraisal Practice. The Board submitted its comments on March 4, 1998. The ASB considered all the comments received and sent out a second draft for the Board and other interested parties.

The intent of the exposure draft process is to inform and obtain comments from appraisers, users of appraisal services and the public. All interested parties are encouraged to comment in writing to the ASB of the Appraisal Foundation prior to the deadline of August 31, 1998. Public comments were released by the ASB at the July 14, 1998, meeting in Chicago and also comments will be released at the September 15, 1998, meeting in Washington, D.C. You can obtain a copy of the "Second Exposure Draft of Proposed Revisions to the Uniform Standards of Professional Appraisal Practice" from The Appraisal Foundation internet site at <https://www.appraisalfoundation.org/exdraft.htm>.

The Real Estate Appraisers Board will review the draft they received and comment on it by the August 31, 1998, deadline. The Board will report its comments in the next regulatory digest.

1998 USPAP Available

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) requires real property appraisers to comply with USPAP. The 1998 edition contains useful information for all appraisers. To order, send \$25.00 to: **The Appraisal Foundation, 1029 Vermont Ave., NW, Suite 900, Washington, DC 20005-3517; (202) 347-7722 or fax your credit card order to (202) 347-7727.**

Administrative Rules Revisions

The Department of Regulation and Licensing recently amended, renumbered, repealed and recreated numerous provisions contained in chs. RL 80 to 87, and Appendix I, relating to the regulation of certified and licensed appraisers. **Except as noted below, these revisions became effective on February 1, 1998.** Significant changes made to the rules are as follows:

Section RL 80.03 was revised to create definitions for "accredited college or university" and "non-

complex 1-to-4 family residential property appraisal." In addition, the definition of "appraisal experience" was revised to include a reference to condemnation appraisals and real estate consulting assignments, and to omit references to real estate counseling assignments and appraisal course instruction.

Section RL 81.01(3) was amended to change the number of hours of education instruction which must be completed in order to obtain an appraiser credential, from 75 to 90 hours for licensed appraisers, and from 165 to 180 hours for certified general appraisers. The education hours required for certification as a certified residential appraiser remain at 120 hours.

Sections RL 83.01(1) and (1a) were amended to reflect that applicants seeking certified residential appraiser credentials must report at least 2,500 hours of appraisal experience obtained over a period of not less than 24 months, and individuals seeking certified general appraiser credentials must report at least 3,000 hours of appraisal experience obtained over a period of not less than 30 months. Under the previous rules, individuals seeking residential and general appraiser certifications were required to report 2,000 hours of experience acquired in any 2 calendar years. The experience hours required to obtain a licensed appraiser credential remain at 500 hours.

Section RL 83.01(3)(d) was created to state that individuals applying for licensed or certified residential appraiser credentials may not claim more than 25% commercial appraisal experience. **This provision became effective on July 1, 1998.**

Sections RL 84.02(2) and 84.04(2) were amended to require individuals applying for licensed or certified residential appraiser credentials to submit evidence of completion of not less than 20 hours of instruction in commercial income approach, as described in sub. (3)(r). **This requirement became effective on July 1, 1998.**

Section RL 85.01(3) was repealed. That provision stated that, at the time of every 4th renewal, each applicant shall submit proof of attendance at and completion of the educational course and examination described in s. 458.06(2)(d), Stats. The course described under s. 458.06(2)(d), Stats., consists of 15 hours of instruction in the professional standards and code of ethics applicable to appraisers. The education requirement is now found in s. RL 85.01(1), Code, which was amended to state that the 20 hours of continuing education which

applicants must complete in each biennial renewal period shall include at least 4 hours of instruction in the professional standards and code of ethics applicable to appraisers. This change will allow credential holders to complete the coursework on an ongoing basis rather than in conjunction with an 8 year renewal cycle.

Chapter RL 87, Appendix I, was amended to reflect revisions made by the Appraisal Standards Board of the Appraisal Foundation to the Uniform Standards of Professional Appraisal Practice (“USPAP”).

WI National Appraiser Examination

The National Uniform Appraiser Examinations are provided in Wisconsin on computer by appointment through Assessment Systems Incorporated (ASI). There are three separate examinations for Licensed Residential, Certified Residential, and Certified General candidates. Candidates must first submit an application to the Department, pass the Wisconsin statutes and rules exam, and be determined eligible before registering for the exam. Full information on the contents of the examination and registration procedures is provided after eligibility is determined by the Department. The examination is given on Saturdays at locations in Milwaukee, Madison, Green Bay, and Menomonie. Not all test locations are available on every Saturday. Application materials can be obtained by calling (608) 266-5511, Extension 11.

During 1997, 170 Wisconsin candidates took the National Uniform Appraiser Examinations and 118 passed (69.4%). For the specific exams, 55 of 90 passed the Licensed Residential exam (61.1%), 41 of 56 passed the Certified Residential exam (73.2%), and 22 of 34 passed the Certified General exam (64.7%).

Wisconsin Area Test Information

Location	Test Frequency
Elm Grove/Milw	Weekly, Tues.-Sat.
Madison	Every Saturday
Green Bay	2nd & 4th Sat. of the month*
Menomonie	2nd & 4th Sat. of the month*
Wausau	4th Saturday of the month*
Minneapolis, MN	Weekly, Tues. - Sat.
Duluth, MN	2nd & 4th Sat. of the month*
Rochester, MN	2nd & 4th Sat. of the month*
Marquette, MI	4th Saturday of the month*
Chicago, IL	Weekly, Tues. - Sat.

No testing on National Holidays or Holiday Weekends.

*Testing in May and November will be on the 1st and 3rd Saturday of the month (on the 3rd Saturday at Marquette & Wausau locations). Testing in December will be on the 2nd Saturday only.

Complaints Against Licenses

Complaints are processed in the following manner:

All complaints received by the Real Estate Appraisers Board and the Department are routed to the Division of Enforcement (DOE) where they are logged into the computer and given a number.

Complaints are screened by several board members and the supervisor of the DOE prosecutors and the supervisor of the DOE investigators. The complaint screening process results in a decision to open or not open a complaint for investigation. Sometimes additional information is requested of the complainant at this stage of the process. Most boards are now moving toward screening complaints at least once a month.

If a complaint is opened for investigation, it is assigned to a team in DOE. Teams consist of prosecutors, investigators, legal assistants and, in some cases, auditors. A specific prosecutor and investigator is assigned to the case and the investigator commences an investigation as soon as possible. The investigation generally includes corresponding with the complainant, the licensee and other people with relevant information. Documents are reviewed and the investigator often interviews people to obtain more information.

A board member is assigned to the case as an advisor. The board member offers suggestions to the investigator and, after the investigation is concluded, the advisor recommends that the case be closed for a certain specified reason or that the case proceed to possible disciplinary action.

If the case advisor recommends possible disciplinary action, a prosecutor reviews the file and requests additional investigation, if needed. The prosecutor usually offers the licensee an opportunity to agree to a resolution of the matter. The offer may be in the form of a written stipulation for some type of discipline, such as a revocation, suspension, limitation, reprimand, and/or an assessment of all or part of the costs of the investigation and prosecution. If the licensee rejects the stipulation, the attorney schedules a hearing before an administrative law judge. The hearing is like a trial and the licensee may have an attorney represent him or her. After the hearing, the administrative law judge prepares a proposed decision and refers it to the Board.

If a case advisor recommends that a case be closed, the case is reviewed by the Board at its next meeting and the Board either concurs or refers the case for disciplinary action. Stipulations and proposed decisions are also referred to the Board for final disciplinary action. If the Board disagrees with a proposed stipulation, the Board may refer the case back to the prosecutor for more negotiations or, possibly, a hearing. If the Board disagrees with a proposed decision of an administrative law judge, it may change parts of the proposed decision, but it will have to explain why it is making the change.

There is considerable due process built into the complaint process. Licensees or their attorneys are given many opportunities to respond to proposals and to object to decisions. Ultimately, if a licensee disagrees with the Board's disciplinary decision, the licensee may appeal the case to the Court of Review.

Letters are sent to complainants and licensees at various stages in the process, informing them of receipt of a complaint and the final disposition of a complaint.

Administrative Warnings May be Issued Under New Law-1997 WI Act 139

Examining boards, the department and other regulatory authorities are authorized to issue administrative warnings under a new law effective May 5, 1998. An administrative warning may be issued to close an investigation if a regulatory authority determines that no further action is warranted because the complaint involves a first occurrence of a minor violation and the warning adequately protects the public.

Under the law, an administrative warning puts the professional on notice that if the misconduct is repeated, the incident that was the basis for the warning can be used to prove that the person warned knew the conduct was prohibited. A warning is not discipline and may be issued without a formal complaint or a hearing. The contents of the warning shall be private and confidential.

A credential holder may have a warning reviewed before the department or board that issued the warning. The law requires the department to promulgate rules establishing uniform procedures for administrative warnings. 1997 Wisconsin Act 139 is available from the department and can be viewed on the Internet at <http://www.legis.state.wi.us/billtext/acts/97acts.html>.

Tax Delinquency, A New Basis for Denial, Suspension and Revocation

Since 1996, the law has required the department to verify that applicants for credential renewal are not delinquent in payment of Wisconsin state taxes. The department is required to deny renewal if the Department of Revenue certifies that an applicant is tax delinquent.

Effective January 1, 1999, the scope of the law will expand to apply to other state agencies, including the Department of Transportation and the Department of Natural Resources. The law will also change to include applicants for new licenses and current credential holders. After January 1, 1999, the Department of Regulation and Licensing is required to deny an application for an initial credential if the applicant is certified by the Department of Revenue as being liable for delinquent state taxes. The Department will also be required to revoke the credential of current credential holders who are tax delinquent.

A person denied or revoked because of a tax delinquency status may request the Department of Revenue to review the certificate of tax delinquency at a hearing.

The text of the new law is in 1997 Wisconsin Act 237 at section 307 and sections 532-551. Act 237 is available in most public libraries and can be viewed on the Internet at <http://www.legis.state.wi.us/billtext/acts/97acts.html>.

Law Sanctions Professionals With Delinquent Support

In April, 1998, legislation was enacted which provides for suspension of credentials for failure to pay family support or for failure to comply with a subpoena or warrant related to paternity or support proceedings. The determination of failure to pay support or failure to comply with a warrant or subpoena will be made by county support agencies or the Department of Workforce Development.

The Department of Workforce Development, after proper notice and provision for hearing, will certify to the Department of Regulation and Licensing that a professional who holds a credential issued by the department, or who is applying for a credential is delinquent in support or has failed to comply with a subpoena or warrant. The department then shall restrict, limit or suspend a credential or deny an application for an initial credential or for renewal of a credential. The credentials will remain restricted, limited or suspended until the department receives notification of release from the Department of Workforce Development. However, credentials shall not be sanctioned for more than five years if

instituted because of delinquency in support, or for more than six months if instituted for failure to comply with a subpoena or warrant. This act became effective in April, 1998. The text of the new law, 1997 Wisconsin Act 191, is available in most public libraries and can be viewed on the Internet at <http://www.legis.state.wi.us/billtext/acts/97acts.html>.

Department to Collect Social Security Numbers

The new Family Support Collection Act, 1997 WI Act 191, requires the Department of Regulation and Licensing to collect social security numbers from all individuals who apply for new credentials. Applications from individuals who do not submit their social security number will be denied. The social security numbers collected may be disclosed only to the Department of Workforce Development for the purpose of enforcing the Family Support Collection Act, or to the Department of Revenue for the purpose of checking for tax delinquencies.

Real Estate Appraisers Registration Statistics

Reg #	Name	
04	Appraisers, Licensed	347
09	Appraiser, Certified Residential	867
10	Appraiser, Certified General	601

DISCIPLINES

DAVID A. DHEIN Certified Residential Appraiser
SHERWOOD WI Education Required
Violation of USPAP Standards. Ordered to complete 55 hours of education. Also ordered to pay costs of \$400. Effective 3/14/98. Sec. 458.26, Stats. RL 86.01(2) and (6), Case # LS9803041APP.

PAUL N. QUIGLEY Certified General Appraiser
GREEN BAY WI Limited
Violated USPAP Standards. Ordered to complete 15 hours of education and, for a period of at least 4 months, he may conduct commercial appraisals only under supervision. Ordered to pay costs of \$500. Effective 3/14/98. Sec. 458.26, Stats. RL 86.01(2) and (6). Case # LS9803043APP.

GARY S. GAVERS Certified Residential Appraiser
MILWAUKEE WI Education Required
Misleading appraisal report. Violated USPAP Standards. Ordered to complete 15 hours of USPAP education by 9/4/98. Also ordered to pay costs of \$450. Effective 3/4/98. Case # LS9803042APP.

RICHARD L. STUDLEY

Certified Residential Appraiser
WAUPACA WI Surrender
Violated USPAP Standards. Ordered to pay costs of \$300. Effective 3/4/98. Sec. 458.26, Stats. RL 86.01(1), (2) and (6). Case # LS9803044APP.

ALL verification requests must be in writing. Requests for verifications to other states must be in writing, the cost is \$10. Please make out check or money order to the Department of Regulation and Licensing.

1998 Board Meeting Dates

September 30 and November 18

All meetings are held at 1400 E. Washington Ave., Madison, WI and are open to the public.

Department of Regulation and Licensing
Real Estate Appraisers Board
P.O. Box 8935
Madison, WI 53708-8935

REGULATORY DIGEST

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RETURN SERVICE REQUESTED

Telephones

The Division of Business Licensure & Regulation has installed a new menu telephone system which is designed to more efficiently direct the caller to the appropriate board. It has had some "bugs" and we apologize for that; however, we will keep fine-tuning it so that you will receive good service. The new telephone number for staff is: (608) 266-5511.

After dialing this number you are asked to press 1, 2, 3 or 4. For the following requests, please press numbers as noted:

Applications Processing	Ext. 42
Education	Ext. 21
Name/Address Changes	Ext. 21
Practice Questions	Ext. 42
Complaint Forms	Ext. 12

Fax Number

(608) 267-3816

Digest on Web Site

January, 1998, digest publication is on the Web.

Visit the Department's Web Site

<http://badger.state.wi.us/agencies/drl/>
Send comments to dorl@mail.state.wi.us

Foundation Website

Log on at www.appraisalfoundation.org to comment on exposure drafts; order publications and services; correspond with Foundation boards/staff and receive other association and state board information.

Wisconsin Statutes and Code

Copies of the Real Estate Appraisers Board Statutes and Administrative Code can be ordered from the Department. Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. The latest edition is dated February, 1998.

Change of Name or Address?

Please photocopy the mailing label of this digest, make changes in name or address, and return it to the Department. Confirmation of changes are not automatically provided.

WIS. STATS. S. 440.11 ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.

Subscription Service

Bi-annual digest subscriptions are published for all credentials in the Department at a cost of \$2.11 each per year. **CREDENTIAL HOLDERS RECEIVE THEIR REGULATORY DIGEST FREE OF CHARGE.** Others may send the fee and this form to the address listed above.

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